UNITED NATIONS DEVELOPMENT PROGRAMME

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Country and intercountry programming and projects

COUNTRY PROGRAMME FOR

PANAMA

UNDP assistance requested by the Government of Panama
for the period 1977-1981

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INTRODUCTION

The Technical Assistance Programme for Panama to be financed with assistance from the United Nations Development Programme (UNDP) in the period 1977-1981 is based on the 1976-1980 Development Plan, which is in the final stages of preparation. The technical co-operation plan of the Ministry of Planning and Economic Policy, which is in preparation, and the Position Paper have likewise provided a frame of reference for the programming exercise carried out by the National Government with the co-operation of the office of the Resident Representative. In addition, the services of an adviser engaged for the purpose by the office of the Resident Representative were made available.

DURATION AND RESOURCES

The Technical Assistance Programme will have a duration of five years, from 1977 to 1981, thus coinciding with the second development cycle of UNDP.

The Indicative Planning Figure for Panama is $7.5 million. However, as may be seen from annex I, the sum of about $5.4 million is available for new projects during the five-year period. This is because of an over-estimate of $1.5 million in the programming for the period 1972-1976 and commitments of $0.6 million in projects already approved for the next five-year period.

DEVELOPMENT PROSPECTS

The main characteristics of the Panamanian economy are determined by a gross domestic product of 1,075 balboas per capita in 1975 (B/.704 at 1960 prices), the small size of its market (total GDP of 1,740 million balboas in 1975, equivalent to 1,130 million at 1960 prices), the relatively great extent to which the economy looks outward, and development dominated by transit activity through the Canal. This development and the nature of the climate have resulted in a high concentration of urban population at both terminals of the Panama City-Colón axis and a rural type of settlement along the western part of the Pacific coast with small and undeveloped urban centres and agricultural and livestock activities carried on partly to supply the urban areas and produce sugar cane and cereals and partly for subsistence only, with the exception of the zone bordering on Costa Rica, where banana production and agricultural activities are more highly developed. Towards the eastern part of the country (east of the Canal) and on the Atlantic coast the climate is rainier and the population is sparse, with the exception of the port of Colón.

The principal export items have traditionally been bananas, fishery products (from the Gulf of Panama, on the Pacific), sale of services to the Canal Zone and commercial and storage activities in the Colón Free Zone, and tourism. The export of petroleum derivatives (produced from imported crude oil) has begun to appear as a significant item in the country's statistics, as has, more recently, sugar, which in the first half of 1975 reached 42.9 million balboas.

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The land transport infrastructure is concentrated in the urban and transisthmian area and the western Pacific coast, and even there it is incomplete. There is an international airport which is of importance for the country and for the Central American region, providing transit service for the airlines which link the west coast of South America with North America. Electric power is generated primarily at thermal plants supplied with imported fuel.

The population is increasing rapidly and there are great inequalities in income, both as between the rural and urban population and within the latter, and visible unemployment reached a national average of 7 per cent in August 1975, the figure for the metropolitan area being 8.5 per cent, while it was estimated that there was also considerable underemployment.

The Development Plan for 1976-1980 is in the final stages of preparation and a preliminary version will be submitted to the meeting of CEPCIES at the beginning of December.

The main objectives of the Plan are:

(a) To accelerate the rate of increase of GDP, improving and diversifying export capacity and the capacity to exploit the country's geographical situation, thus establishing the bases for a more self-sustaining growth;

(b) To improve employment and income distribution and increase the participation of the people in the development process;

(c) To achieve more balanced regional development, checking the trend of migration towards the transisthmian zone and promoting the territorial integration of the country.

The proposed rate of increase of GDP is 7 per cent per annum for the period 1976-1980 as compared with the rate of 5.3 per cent prevailing in the period 1970-1975, but even if the 7 per cent rate is achieved it will fall short of the rate prevailing in the decade 1960-1970, which reached an annual average of 8 per cent. The dynamic sectors, with a rate equal to or higher than that of the total gross product, will be - among those directly engaged in production - the manufacturing industry, construction, mining and quarries (the latter sector starting from a very low level, less than 0.5 per cent of the total), to which will be added the following sectors: services, electric power, gas and water, transport, trade, and banking and insurance. An increase of 5.7 per cent per annum is anticipated for the agricultural and fisheries sectors.

Table 1 shows the proposed rates of growth for all the sectors into which the Panamanian economy has been broken down and what the contribution of each will be to the growth of total GDP, which will depend on the sectoral rate and its weight in relation to the whole.

During the Plan period it is intended to increase the investment coefficient from an average of 27.7 per cent in the years 1970-1974 to 29.9 per cent for

Table 1

Projected rates of growth for the period 1975-1980

Sector	Percentage	Contribution to over-all growth (%)
Total gross domestic product	7.0	7.0
Agriculture, forestry Hunting and fishing	5.7	0.88
Mining and quarries	33.5	0.29
Manufacturing industry	7.0	1.08
Construction	8.1	0.54
Electrification, gas and water	9.6	0.26
Transport, storage and communications	9.0	0.69
Wholesale and retail trade	7.4	1.07
Banking and insurance	8.6	0.45
Housing	6.7	0.35
Public administration	4.9	0.13
Public and private services	7.1	1.21
Services to the Canal Zone	1.5	0.06

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1976-1980, which means that the rate of growth of private and public consumption should decrease from 6.5 and 6.9 per cent per annum respectively to 4.9 and 4.6 per cent.

It is hoped that if the various programmes of the Plan are carried out employment will increase by about 120,000 jobs, which will absorb the increment in the economically active population and reduce the rate of visible unemployment to about 5 per cent. With the projected growth, the relative importance of the provision of services to the Canal as a generator of GDP will decrease and export capacity will be diversified.

Implementation strategy consists basically in accelerating capital formation and channeling capital towards the attainment of the general objectives of the Plan through increased public investment and support and guidance for private investment. Table 2 shows the anticipated composition of public investment.

Judging by the prospects for development during the Plan period, it would appear that the Plan can be fulfilled. The decline in the growth of traditional exports and of the sale of services to the Canal Zone, which was the principal factor in the decline in the growth of the economy during the first half of the decade of the 1970's, has reached its lowest limit and the expected recovery of the United States economy will help to increase the volume of these two items.

During the years 1970-1974 actions and projects whose positive effects will make themselves felt during the Plan period were initiated and in some cases completed. Sugar export capacity was increased, the construction of a fishing port and renovation of the fishing fleet and the expansion of the Colón Free Zone and of tourist hotel capacity are about to be completed and the construction of the new Tocumen airport is far advanced, all of which will create new sources of exports and strengthen the traditional ones.

The new demands for materials and power arising from the investment programme and from the growth of the economy will not be reflected in proportionate increases in imports, thanks to the establishment of a cement factory and the beginning of operations at the Bayano hydropower project in 1976. The public sector (including the decentralized bodies and State enterprises) have gained experience in the preparation and administration of projects in various fields and in negotiations with international financial institutions. Of the 1,839 million balboas of public investment for which credit is needed, 369 million are covered by credit for which contracts have already been concluded.

The principal foreseeable limitations are those related to financing, the availability of human resources possessing the requisite skills, the organizational capacity of the public sector to carry out the policies embodied in the programmes and the projects required in new sectors, and the capacity to meet the requirements of upkeep. It will be necessary to strengthen accelerated training of personnel so that the investment projects can have a real impact on employment, and to make a considerable effort in the way of programming and feasibility studies in the case of those projects which have not yet been completed in their preparatory stage.

Table 2

Public investments (direct and financial) by sector over the period 1976-1980

Sector	Millions of balboas	Percentage
Agriculture	351.8	13.2
Commerce and industry	935.6	35.1
Electric power	286.4	10.7
Transport	286.8	10.7
Telecommunications	63.1	2.4
Housing	429.2	16.2
Health	132.2	5.0
Education	97.4	3.7
Tourism	42.3	1.6
Multisectoral	39.8	1.5
Total	2 664.7	100.0

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Foreign technical and financial assistance has played and will continue to play an important part in removing the above-mentioned obstacles and in supporting the programmes to be carried out and the actions to be taken. The principal sources of technical assistance and capital in Panama are the World Bank, the International Development Bank, the United States Agency for International Development, the Organization of American States and the United Nations Development Programme.

It should be noted that, in connexion with the main aspects of the 1976-1980 Plan, UNDP technical assistance has already made a significant contribution in the form of studies of programming in the power and transport sectors and the discovery of copper deposits, the exploitation of which constitutes the most important single project in the investment programme. The World Bank has contributed to the financing of the Bayano hydropower project, the fishing port and the new Tocumen Airport, in addition to acting as the executing agency for sectoral programming studies. The Inter-American Development Bank has contributed to investments in land transport and education and is backing the tourism programmes. Both banks are preparing to contribute to new projects relating to infrastructure, tourism and education (basic and polytechnic cycles) and the agricultural and industrial sectors. The Inter-American Development Bank also has an important technical assistance programme. The Organization of American States has collaborated in the preparation of tourism plans and in a variety of technical assistance and natural resource survey projects. AID has a very substantial technical co-operation and investment programme in Panama. More details concerning these programmes will be given in the following chapter.

Because of its strategic location, Panama, in order the better to take advantage of its geographical situation, has not participated in any of the regional agreements of which its neighbours are members (Latin American Free-Trade Association, Central American Common Market and Caribbean Free Trade Association), but has limited itself to bilateral treaties, and the new Plan does not propose any changes in this policy.

As far as agreements not limited to the geographical region are concerned, Panama is a member of the Union of Banana Exporting Countries and has recently joined the Latin American Economic System.

DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE

In keeping with the general objectives of employment, regional development and export promotion set forth in the 1976-1980 Plan and the means chosen in the strategy for their implementation, technical assistance is requested from UNDP for the 1977-1981 period in the following areas:

(a) Human resources development and training;

(b) Preparation of global, sectoral and regional development programmes and strategies;

(c) Project identification and pre-feasibility, feasibility and sectoral development studies in the fields of power and environment, fisheries, forestry resources and agroindustries; and

(d) Strengthening the institutional framework for export promotion.

The activities carried out in the first three areas will also produce results in terms of the transfer of technology and possibly the formulation of recommendations for strengthening the relevant institutional infrastructure. The three areas in question not only are closely interrelated but also have a bearing on the various objectives of the Development Plan and actions to overcome foreseeable obstacles to the implementation of the Plan, as indicated below.

(a) Human resources development and training

The accelerated training of human resources with a view to maximizing the impact on employment of the investment programme and the priority activities to be promoted during the period of the Plan makes it necessary to assess in advance what the requirements will be in terms of jobs and vocational qualifications in order to determine the scope of training projects, the time required to organize the necessary operative units and the latter's location and duration of activity.

The shortage of national human resources, in addition to diminishing the impact of employment on the Panamanian economy and the secondary benefits of utilization of acquired skills, can actually limit the viability of the investment programme and the intensification of priority activities. Consequently, the assessment phase referred to above should be an integral part of the national planning system, while the organization and implementation phases should be the concern of the relevant sectoral agencies of the Ministry of Labour and Social Welfare.

At the present time there is available a study of the general employment situation prepared in conjunction with PREALC and an analysis of the employment needs created by the Development Plan and its main investment projects, prepared under project PAN/74/018 (Employment Promotion). These studies must be continued in order to ensure that employment and vocational training policies are duly integrated into the planning system.

At the level of the sectoral executing agency, activities have been carried out under project PAN/71/525 (National Vocational Training (phase II)) and the continuation of that project is planned in the period covered by the present national programme. The continuation of training of civil aviation personnel, the need for which is bound to increase when the new Tocumen International Airport enters into operation in 1977, is also planned.

If human resources are to be trained for the purposes of regional development and jobs are to be available for them, it will be necessary, in addition to the specific projects envisaged in the investment plan, to identify and promote economic activities suited to the different areas of the country.

(b) Preparation of global, sectoral and regional development programmes and strategies

Mention has already been made of the link between national planning and the planning and promotion of employment.

In conjunction with Project PAN/72/008 (Planning and Administration of Regional Development), the Ministry of Planning and Economic Policy has prepared a regional strategy in which four planning regions, their principal characteristics and the activities to be promoted in each are identified. The ultimate goal is to use the resources created by exploiting Panama's geographical position in the metropolitan area of Panama and Colón (sale of services to the Canal Zone and the Colón Free Zone, tourism and revenue generated by new projects such as an oil pipeline, container port, airport expansion, fishing port and renewal of the old centre of the city with a view to increasing tourism) to stimulate productive activities in the other three regions (eastern, central and western) and thereby to influence population growth trends.

The basic task in the period ahead is to progress at the demonstration-area level and to identify and draw up new projects and programmes for promoting activities. Such projects and programmes will also stimulate the programming of vocational training and provide a basis for determining the curricula of the polytechnic and production schools already in existence or to be established in connexion with the educational reform which is receiving financial assistance from IDB and AID. The aim of this reform is to bring the educational system at the intermediate second cycle level into line with existing possibilities for carrying on local productive activities. The reform represents a significant attempt to adapt regular schooling to the general objectives of balanced regional development and to alter the present tendency for population to be concentrated in the metropolitan area.

In all the planning regions, agriculture is an important activity and it is therefore necessary to strengthen sectoral planning so that the orientation and promotion of activities will be in keeping with existing natural resources, regional development objectives and the need to provide incentives for developing new sources of exports. Such sectoral planning in agriculture was begun with project PAN/74/005 (Agricultural Development Planning) and should be continued during the new programming period.

(c) Project identification and pre-feasibility and feasibility studies

Progress has been made in identifying areas in which possibilities exist for productive projects which would contribute to the internal financing of development by increasing export capacity and promoting import substitution. In each of those areas, however, it is necessary to strengthen the capacity for formulating projects, without which it would not be possible to take advantage of those possibilities.

Among the productive activities planned is the development of forest resources in the Atlantic region (Donoso District of Colón Province and Bocas del Toro Province) where the Forestry Surveys and Demonstration Project (PAN/65/506), which has now been completed, led to the discovery of significant resources. This will help to bring areas now sparsely populated into the economic mainstream and will also promote exports and obviate the need to import paper and paper pulp, which in 1974 cost 11.9 million balboas. A study of the feasibility of exploiting these forest resources is needed.

The promotion of economic activities in depressed or sparsely populated areas also includes the development of fishing resources on the Atlantic slope which can likewise contribute to the country's exports.

Since agricultural activity is to be strengthened and resources are to be used to promote exports and import substitution, it would be desirable to identify agroindustrial projects that would complement the industrialization of sugar, which has already been initiated on a large scale; such projects could include oil-seeds, tropical fruit juices and canning of fruits, and dairy products. A preliminary study is already being conducted in connexion with the SIS programme and the report of that mission, which is to conclude its work in 1976, is expected to provide more specific indications as to sectors and possible locations.

The development of productive activities in the various regions of the country necessitates the improvement, and in some cases, the establishment, of infrastructure. Mention has already been made of the sectoral studies relating to electric power and transport infrastructure. It is now necessary to prepare feasibility studies on the further exploitation of hydropower resources, so as to be able to draw up projects which will be successively brought into operation following the completion of the Bayano project (currently under construction), the La Fortuna project (which will be started next year with assistance from the World Bank and the Inter-American Development Bank) and the Estrella y los Valles project (with bilateral financing). One such study is that which is planned for the Terib and Changuinola river basins. Despite the effort represented by the three projects mentioned above, it is estimated that in 1985 only 70 per cent of Panama's electric power requirements will be supplied by water resources and there will be a continuing need to rely on thermal power plants using fuels that have so far had to be imported. Because of this shortfall in supply and the fact that the sectoral study on electric power

did not take into account the demand which will be created when exploitation of the Cerro Colorado copper deposits begins, the Government of Panama has, through the intermediary of the Institute of Water Resources and Electric Power (IRHE) and in collaboration with drilling teams of the Corporación de Cerro Colorado, undertaken a survey of geothermal resources in the Volcán area (Chiriquí Province). This work must be completed in order to reach the pre-feasibility stage and it is necessary to assess in advance the ecological impact of developing this form of energy. A brief preliminary mission (PAN/75/006, Survey of Geothermal Fields) recently recommended that these studies should be intensified.

(d) Strengthening the institutional framework for export promotion

The acceleration of economic growth will have a direct impact on the import of capital goods and an indirect impact on the demand for imported consumer goods. This may accentuate the trade deficit, which in 1974 was $528 million, and jeopardize external financing. For that reason, in addition to projects aimed at increasing export capacity and import substitution projects, high priority should be given to strengthening the institutional framework for export promotion and to the study of systems of incentives. Accordingly, it was felt that provision should be made in the budget to cover technical assistance requirements in that sphere. Such future assistance will be determined on the basis of the specific recommendations made in connexion with Project PAN/74/024 (Promotion of Exports) to be carried out in 1976.

The construction of the new airport at Tocumen will, by expanding air freight facilities, make it possible to establish a free zone in which specialized industrial activities can be developed and a regional centre can be established for the maintenance and repair of equipment that can be transported by air. Technical assistance will be needed in organizing and regulating this free zone.

Studies relating to the establishment of a free port at Colón have been made and a final analysis of them must be made in order to be able to take a decision in the matter. Specialized advice is also needed in that connexion.

REGIONAL AND INTERREGIONAL PROJECTS RELATED TO THE PROGRAMME

Below is a list of regional and interregional projects related to the Technical Co-operation Programme. They are grouped according to the area in which the assistance is to be concentrated. Attention should be drawn in particular to the close relationship between the Regional Employment Programme and Project PAN/74/018 (Employment Promotion), provision having been made to use consultants involved in the regional project to support specific activities of the national project. As in the past, the services of RLA/73/011 will be called upon in programmes to train national personnel in civil aviation and the services of ILPES will be used in projects involving general and sectoral planning.

I. Human resources development and training

RLA/73/059 - Assistance to the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR)

RLA/71/307 - Regional Employment Programme for Latin America and the Caribbean (PREALC)

RLA/73/011 - Regional Centre for Training Latin American Civil Aviation Personnel

II. Promotion of Exports

RLA/75/003 - Technical Assistance to the Union of Banana Exporting Countries (UBEC)

RLA/71/027 - Training and Advisory Service on the Generalized System of Preferences

INT/74/010 - Training for the Development of Trade between Socialist Countries of Eastern Europe and Developing Countries

III. Planning

RLA/71/234 - Latin American Institute for Economic and Social Planning (ILPES)

MAIN CHARACTERISTICS OF THE TECHNICAL ASSISTANCE PROGRAMME

In order to avoid the dissipation of the limited resources available, the Government has focused UNDP assistance on three major areas: human resources development and training, strengthening the planning sector, especially at the regional level, and studies and projects in various productive sectors which have an impact on the first two areas. A fourth area is the external sector, in which efforts will be concentrated on strengthening the institutional framework for export promotion. The choice of these areas was determined by the objectives of the national development plan, as indicated elsewhere in this document.

The national Government has been concerned to give priority to projects with investment potential. Seven of the 12 new projects requested possess this characteristic to a greater or lesser extent. Of these, special mention should be made of the projects in the areas of industrialization of timber, geothermal energy, feasibility study concerning the Teribe and Changuinola Rivers and agroindustries.

Past experience indicates that provision should be made for a sizable reserve to meet new requirements which may arise during the implementation period and to cover increases in the costs of the various components. Accordingly, the amount indicated for that purpose would not seem to be excessive. Provisionally, however, part of this reserve would be intended mainly for meeting as yet undetermined

needs arising in connexion with the integrated development of the Bayano area so as to be able to take advantage of the agricultural possibilities opened up by hydropower development and also for identifying other projects of regional interest, such as prospecting for non-ferrous minerals and coal deposits, especially should it turn out that geothermal sources do not exist in any appreciable quantity.

It was not deemed desirable to over-programme at this stage in the preparation of the Programme; rather it was felt that that possibility should be left for a future date.

List of Annexes

Annex I - Financial summary of the proposed programme

Annex II - Description of proposed projects

Annex III - Ongoing UNDP projects

Annex IV - Projects of United Nations specialized agencies not financed from the IPF

Annex V - Projects financed from other sources of assistance

ANNEX I

FINANCIAL SUMMARY

I. Resources taken into account for purposes of programming

1. Resources available		
a. Resources available within the IPF 1/		$US 6 000 000
b. Other resources (Government contribution to project costs)		0
2. Provision for adequate programming		0
Total resources taken into account for purposes of programming		$US 6 000 000

II. Use of resources

1. Programmed (all sectors)		
(a) Existing projects	$US 599 000	
(b) New projects included in the National Programme	4 043 000	
(c) Allocated to objectives and activities for which projects will be formulated later	0	
Total		4 642 000
2. Reserve		1 358 000
Total resources programmed		$US 6 000 000

1/ IPF of $US 7.5 million less $US 1.5 million, which it is estimated will have been spent in the period 1972-1976.

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III. Breakdown of the Programme by years 2/

Sector	Total	1977	1978	1979	1980	1981
Human resources	1 069	279	325	300	165	-
Planning	933	622	311	-	-	-
Feasibility studies	2 270	594	784	760	132	-
Exports	305	71	142	92	-	-
Other	65	59	6	-	-	-
Reserve	1 358	-	-	-	679	679
Total	6 000	1 625	1 568	1 152	976	679
Percentage	100	27	26	19	16	12

2/ Project costs are based on a pro forma figure for experts of $US 42,000 per annum.

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ANNEX II

DESCRIPTION OF THE PROJECTS

VOCATIONAL TRAINING (PHASE III)

A. Objectives of the project

To strengthen and consolidate the integrated vocational training system; to contribute to improving the efficiency of manpower currently employed in the public and private sectors; and to train personnel required for investment projects and help the unemployed and the underemployed to be trained for new jobs created on the basis of the national development plans.

B. Function of the project within the Programme

The International Labour Organisation, through the existing project PAN/71/525 (Vocational Training (Phase II)), has been contributing to the establishment of a vocational training system within the General Directorate of Employment and Vocational Training of the Ministry of Labour and Social Welfare. A new phase of technical assistance is considered necessary to supplement the work carried out to date and to enable the system to be extended to specific fields in accordance with the social and economic needs of the country and its investment plan.

C. Duration and estimated costs

Duration: Three years

Government:

UNDP: $350,000

D. Co-operating bodies

Ministry of Labour and Social Welfare

International Labour Organisation

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STRENGTHENING OF THE SCHOOL OF CIVIL AVIATION (Extension)

A. Objectives of the project

Integrated training of civil aviation personnel in aircraft and engine maintenance, air traffic control, electronics, airport operations, theory and technique of simulated flight, etc.

B. Function of the project within the Programme

The Government, with the co-operation of UNDP, has drawn up a National Transport Plan (project PAN/71/528) which covers improvements in the whole transport system. Air transport of both freight and passengers is vitally important for the country's development because of the lack of roads in important areas. The new airport at Tocumen is under construction and personnel must be trained to operate it and the secondary airports.

C. Duration and estimated costs

Duration:	Three years
Government:	B/1,057,000
UNDP:	$ 540,000

D. Co-operating bodies

Directorate of Civil Aviation

International Civil Aviation Organization

EMPLOYMENT PLANNING AND PROMOTION (PHASE II)

A. Objectives of the project

To provide technical assistance to the Government in gaining information about the employment situation, in formulating policies designed to solve the problem of unemployment and underemployment and in establishing a national employment planning subsystem as an integral part of the national planning system.

B. Function of the project within the Programme

This project meets two priorities of the national Government in the fields of general planning and the development of human resources and represents a follow-up to the work carried out under project PAN/74/018 (Employment Planning and Promotion).

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C. Duration and estimated costs

Duration: Two years

Government:

UNDP: $168,000

D. Co-operating bodies

Ministry of Planning and Political Economy and Ministry of Labour and Social Welfare

International Labour Organisation

AGRICULTURAL PLANNING (PHASE II)

A. Objectives of the project

To assist the Government in the organization and institutional strengthening of agricultural programming in order to improve the allocation of natural and financial resources in connexion with the aims of the Development Plan, and to identify projects.

B. Function of the project within the Programme

Regional development and the promotion of exports make it necessary to ensure that agricultural activity is organized in accordance with the priorities of each region and with productive potential. This project will, moreover, be a follow-up to project PAN/74/005 (Agricultural Development Planning).

C. Duration and estimated costs

Duration: Two years

Government:

UNDP: $410,000

D. Co-operating bodies

Ministry of Agricultural Development

Food and Agriculture Organization of the United Nations

INDUSTRIALIZATION OF TIMBER

A. Objectives of the project

Formulation of a plan for the industrialization of timber in a selected area; action to supplement the forestry survey; selection of industrial products to be the subject of economic pre-feasibility studies; preparation of such studies and formulation of specific industrial projects.

B. Function of the project within the Programme

There are various industrial activities in Panama using wood as their basic raw material. The project will help to increase the production of prepared wood, pulp and paper, which must largely be imported at present, and will thus, it is hoped, result in a considerable saving in foreign currency and create new jobs. This project will also be an important factor in the Regional Development Strategy. Furthermore, the Government hopes to supplement the exploitation of the copper mines at Cerro Colorado with an industrial-forestry complex making full use of the potential identified in project PAN/65/506 (Forestry surveys and Demonstration).

C. Duration and estimated costs

Duration: Three years

Government:

UNDP: $460,000

D. Co-operating bodies

Ministry of Commerce and Industry

Food and Agriculture Organization of the United Nations and

United Nations Industrial Development Organization

AGROINDUSTRIES

A. Objectives of the project

To identify agroindustrial projects and to lay down the terms of reference of feasibility studies and studies to assess the conditions of raw material supply.

B. Function of the project within the Programme

In order to achieve the regional development objectives of the National Development Plan, the establishment of agroindustries must be promoted. This project will be a follow-up to the study at present being carried out by experts on programme IS/PAN/74/014 (Study for Rural Industry), whose final report will make it possible to establish more fully the terms of reference.

C. Duration and estimated costs

Duration: Three years

Government:

UNDP: $200,000

D. Co-operating bodies

Ministry of Agricultural Development

United Nations Industrial Development Organization

FISHERY RESOURCES DEVELOPMENT

A. Objectives of the project

To determine the extent of fishery resources and possible rates of exploitation in three areas of the Atlantic coast and to assist fishing communities.

B. Function of the project within the Programme

Regional development requires the promotion of economic activities in currently depressed areas, and fishing could be of great significance in Bocas del Toro, Colón and San Blas, where sources of employment are scarce and the productivity of existing fishing activities is very low.

C. Duration and estimated costs

Duration: Four years

Government:

UNDP: $350,000

D. Co-operating bodies

Ministry of Commerce and Industry

Food and Agriculture Organization of the United Nations

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FEASIBILITY AND ECOLOGICAL STUDIES ON RIVERS TERIBE AND CHANGUINOLA

A. Objectives of the project

Feasibility studies on the Teribe and Changuinola river basins (Province of Bocas del Toro), with a view to hydroelectric exploitation, including an ecological study.

B. Function of the project within the Programme

The exploitation of hydroelectric power has high priority within the National Development Plan since the Government wishes to reduce the country's dependence on imported petroleum. Moreover, the UNDP/IBRD project PAN/70/514 (Preliminary Feasibility Study on the Development of Electrical Energy), which was completed in 1974, included among its recommendations the study in question.

C. Duration and estimated costs

Duration: Three years

Government:

UNDP: $1,060,000

D. Co-operating bodies

Institute of Hydraulic Resources and Electrical Installation

International Bank for Reconstruction and Development

STUDY OF POSSIBILITIES FOR EXPLOITING GEOTHERMAL ENERGY

A. Objectives of the project

There are possibilities for exploiting geothermal energy in Panama and they should be evaluated in order to decide whether to include this source in the development programme for the energy sector.

B. Function of the project within the Programme

At present electric power meets only 7 per cent of all power needs. The completion of the Bayano project in 1977 will raise that figure to 30 per cent, and with new projects (Estrella y los Valles and Fortuna) the figure will rise to 70 per cent by 1985, according to the estimates in the study on the development of electric power (PAN/70/514). However, those projections do not include the power requirements of the Cerro Colorado copper mine, which is in the neighbourhood

of the Cerro Pando source; this source is now in the preliminary phase of exploitation by IRHE and could meet the further demand.

C. Duration and estimated costs

Duration: Two years

Government:

UNDP: $200,000

D. Co-operating bodies

Institute of Water Resources and Electric Power (IRHE)

To be decided

INSTITUTIONAL ORGANIZATION AND PROMOTION OF EXPORTS

A. Objectives of the project

To advise on the co-ordination of action by the Ministry of Commerce and Industry for the promotion of exports, and on the establishment of a system of incentives and a national export plan.

B. Function of the project within the Programme

The promotion of exports is one of the basic objectives of the National Development Plan and requires the institutional strengthening of the Ministry of Commerce and Industry, a study of the desirability of amending existing legislation in order to introduce adequate incentives and a study of the situation as regards supply in the various sectors. This project will be a continuation of project PAN/74/024 (Promotion of Exports), the final report on which will contain the relevant recommendations.

C. Duration and estimated costs

Duration: Three years

Government:

UNDP: $200,000

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D. Co-operating bodies

Ministry of Commerce and Industry

United Nations Conference on Trade and Development

TOCUMEN FREE ZONE

A. Objectives of the project

To advise on the establishment of a free zone at the Tocumen Airport.

B. Function of the project in the Programme

The new Tocumen Airport is currently under construction and the present terminal will be used to expand air freight facilities. Enough land will remain for the establishment of a free zone in which manufacturing can be carried on and the raw materials and equipment received for reshipment by air freight can be kept. This project is one of those enumerated in the National Development Plan to take advantage of the country's geographical situation and to increase the exportation of services.

C. Duration and estimated costs

Duration: Two years

Government:

UNDP: $84,000

D. Co-operating bodies

Directorate of Civil Aviation

United Nations Conference on Trade and Development

COLON FREE PORT

A. Objectives of the project

To advise the Government on the feasibility of establishing a free port at Colón.

B. Function of the project within the Programme

In connexion with measures for the promotion of tourism and the exportation of

services, studies have been carried out for the establishment of a free port at Colón and a final appraisal of those studies is necessary.

C. Duration and estimated costs

Duration: Three months

Government:

UNDP: $21,000

D. Co-operating bodies

Ministry of Commerce and Industry

United Nations Conference on Trade and Development

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ANNEX III

Ongoing UNDP projects in the field of human resources and training

Number	Title	Agency		Date of		Contribution (000)		Main objectives
		International	Governmental	Inception	Completion	UNDP	Govt.	
71/519	Central American Institute of Educational Administration and Supervision (ICASE)	UNESCO	University of Panama	10.71	12.76	1 134	2 356	Establishment of a permanent training and advanced training programme for education administrators and supervisors; advice to the Ministry of Education on education reforms; strengthening of the Institute's dissemination programme
71/525	Vocational Training (Phase II)	ILO	Ministry of Labour	1.72	12.76	735	972	To contribute to the formulation of policies and development of programmes to balance the supply of and demand for human resources, particularly in the construction, rural and industrial sectors; on-the-job training; training of technical-teaching personnel; institutional strengthening
73/002	Continuous Management Training (Pan. Assoc. of Business Executives)	UNIDO	Ministry of Commerce and Industry	9.73	4.77	171	270	To increase business productivity through training of executives and middle-level management personnel
74/019	Civil Aviation (Phase II)	ICAO	Directorate of Civil Aviation (DAC)	1.75	12.77	682	1 243	Training of DAC personnel, both on the job and through fellowships, in various functions of air navigation, airport services and air safety; establishment of the Civil Aviation School to provide basic ATS instruction and electronic, airport services and commercial pilot training, etc.

Ongoing UNDP projects in the field of project identification, pre-feasibility, feasibility and development studies

Number	Title	Agency		Date of		Contribution (000)		Main objectives
		International	Governmental	Inception	Completion	UNDP	Govt.	
74/006	Fisheries Development (Phase II)	FAO	Ministry of Commerce and Industry	7.74	7.76	521	448	Strengthening of the fisheries industry through deep-water research and demonstration expeditions; improvement of fish marketing; research on oyster and clam cultivation; small-scale fisheries training
75/002	Investment system and development finance	UNDP	Ministry of Commerce and Industry and Ministry of Planning	11.75	11.76	36	36	Substantive support for the development of the priority sectors of productivity and services
74/032	Operational requirements in the industrial sector	ILO	Ministry of Commerce and Industry	10.75	4.76	18	9	Analysis of operational conditions in the medium and small-scale industries sector; determination of priority needs in technical assistance and formulation of a programme; advice to CDPI on outlining the organizational infrastructure for implementation of the programme

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Ongoing UNDP projects in the field of over-all, sectoral and regional planning

Number	Title	Agency International	Agency Governmental	Date of Inception	Date of Completion	Contribution (000) UNDP	Contribution (000) Govt.	Main objectives
72/008	Administration and planning of regional development	UN/OTC	Ministry of Planning	8.73	9.78	814	987	Formulation of a policy, strategy and methodology for the planning and implementation of regional development
74/018	Employment promotion and planning	ILO	Ministry of Planning and Ministry of Labour	2.75	2.77	156	77	To advise on the formulation of an employment planning system linked to over-all economic planning
74/005	Agricultural development planning	FAO	Ministry of Agricultural Development and Ministry of Planning	1.75	12.75	97	165	To improve the allocation of investments in the agricultural sector, thus strengthening the sectoral planning system

Ongoing UNDP projects in the field of exports

Number	Title	Agency International	Agency Governmental	Date of Inception	Date of Completion	Contribution (000) UNDP	Contribution (000) Govt.	Main objectives
74/024	Promotion of exports	UNCTAD	Ministry of Commerce and Industry	1976		50	51	To advise on the formulation and implementation of a national export promotion programme

ANNEX IV

Projects of United Nations specialized agencies not financed from IPF

Sector	Title	Objective	Agency	Amount
I. Population	National Office for Population Studies (PAN/72/P01)	Strengthening the National Office for Population Studies	UNFPA	$144 000
	National Demographic Survey (PAN/72/P04)	Analysis of the data of the national demographic survey already carried out	UNFPA	151 000
	Civil Registration and Statistics (PAN/73/P03)	Over-all strengthening of the General Directorate of Civil Registration and Statistics	UNFPA	202 000
	Project for the promotion of rural development with emphasis on childhood and youth	Building of various rural institutions, training national personnel in nutrition, agriculture and community development and providing food for some 3,000 families	UNICEF	340 000
II. Health and Social Services *	Malaria eradication (0200)	Eradication of malaria throughout the national territory and maintenance of a system of epidemiological surveillance to prevent reinfestation of the country	WHO/PAHO	90 268
	Environmental sanitation (2000)	Reduction of the risks originating in the environment	WHO/PAHO	50 329
	Aphthous fever control (3200)	To organize and maintain a surveillance system capable of preventing the introduction of aphthous fever into the country	WHO/PAHO	40 909
	Planning of over-all programmes and activities (5000)	Co-ordination and supervision of WHO/PAHO projects in the country; advice on aspects related to the programming and implementation of health plans	WHO/PAHO	50 620

* Not including other smaller-scale WHO/PAHO projects.

ANNEX IV (continued)

Sector	Title	Objective	Agency	Amount
III. Science and Technology	Volunteer Assistance Programme	Training in the field of agricultural meteorology	WMO	Amount not determined
	Project for the establishment of stations to measure over-all air pollution (OB/5/1 and OB/5/2)	Assistance in the field of air pollution control through the provision of teams of specialists	WMO	Amount not determined
	Radiochemistry	Strengthening the Chemistry Faculty of the University of Panama	IAEA	$ 35 000
IV. Commerce and Industry	Standardization, quality control and metrology (IS/PAN/74/013)	Assistance in the application of industrial standards and the establishment of a metrology laboratory	UNIDO/ SIS	87 750
	Production of salt by solar evaporation	Advice on the development of a national industry for the production of salt by solar evaporation	UNIDO/ SIS	6 000

ANNEX V

Contribution from other sources of assistance

Field	Organization of American States	Inter-American Development Bank	United States Agency for International Development
Human resources and training	Institutional strengthening of ICASE	-	Rural vocational education
	Support to education research	-	Innovation in education
Global, sectoral and regional planning	-	Institutional strengthening of development planning and programming	Support for the UNDP/FAO agricultural planning project
			Agricultural development (agricultural policy, marketing and institutional organization of credit)
Feasibility studies and productive projects	Study for the integrated development of the eastern region of the Republic of Panama (Darién), 13 experts with 46 man-months	Over-all pre-investment project	
	Administration of productivity of State agroindustries	Fisheries co-operative project	-
	Study of alternatives for improving the efficiency of milling of rice		
Exports	-	-	-

In addition to the projects mentioned, OAS, IDB and AID have technical assistance projects in the following fields:

OAS: Statistics, tax collection, public administration, programme budgeting, urban planning, tourism, transfer of technology, standardization and metrology, metallurgical extraction and science policy.

IDB: Training in rural administration and institutional strengthening and training in public administration. Other projects still awaiting approval are: support of the University of Panama and development of regional university centres, strengthening technical-vocational education (production schools), animal health, agricultural research and organization of the National Finance Corporation. The Government of Panama intends to apply in 1976 for technical assistance programmes in: training in the private sector (APEDE), study for the integral development of the basins of the Chiriqui and Chico Rivers and a study of the industrial sector.

AID: Rural development, development of agricultural enterprises, agricultural marketing, fish culture, agricultural statistics, soil, agricultural research, animal health, housing (urban development in the metropolitan area), convention centre (tourism), study of the health sector and population.